

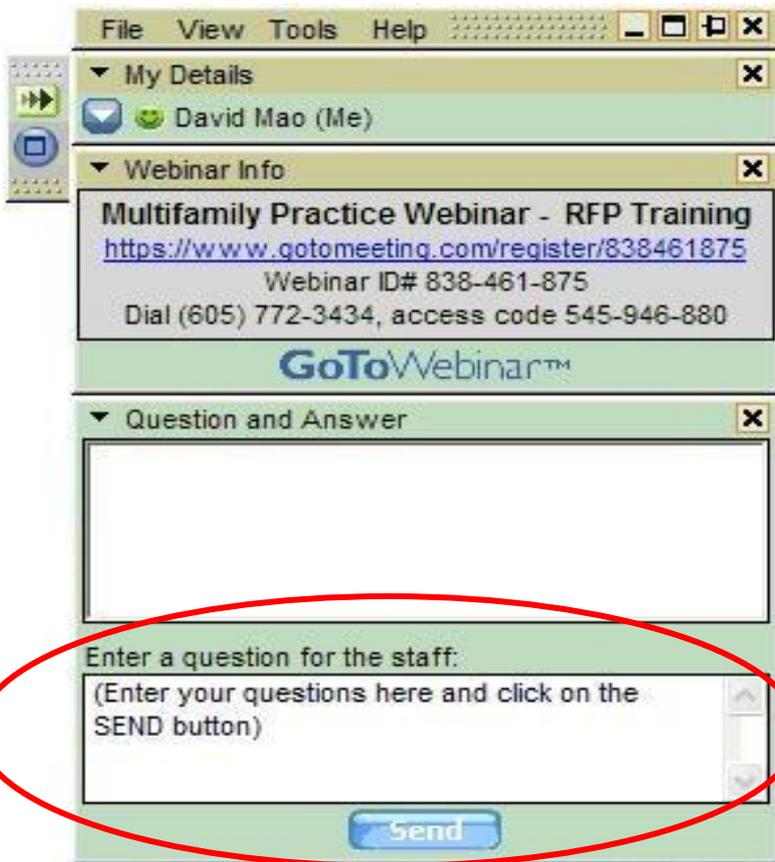


# Mortgage Loan Programs, Part I

## Presented by Minnesota Housing



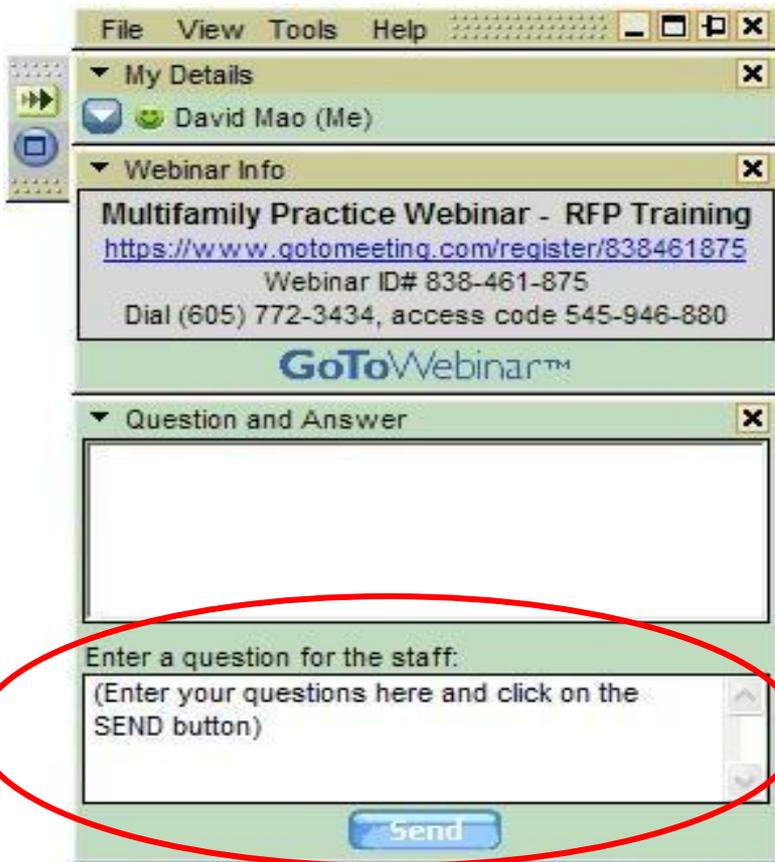
# Questions During Presentation



- We will batch online questions and answer them throughout the webinar
- A complete Q & A list will be posted to the Minnesota Housing website when training is completed
- All presentation materials from Minnesota Housing and US Bank MRBP are posted on our website at: [www.mnhousing.gov](http://www.mnhousing.gov)

[http://www.mnhousing.gov/resources/training/sf-assistance/MHFA\\_009091.aspx](http://www.mnhousing.gov/resources/training/sf-assistance/MHFA_009091.aspx)

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# Mortgage Loan Programs

## Program Assistance

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### Minnesota Housing Help Desk

**7:30 am to 5:00 pm**

- » **651-296-8215**
- » **800-710-8871**

### Program Officer

- » **Stephanie Oyen, 651-297-3132**
- » **[Stephanie.oyen@state.mn.us](mailto:Stephanie.oyen@state.mn.us)** or
- » **Mary Rivers, 651-297-3127**
- » **[Mary.rivers@state.mn.us](mailto:Mary.rivers@state.mn.us)**



# Agenda

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- **Welcome & Speaker Introductions**
- **Minnesota Housing Mortgage Loan Programs**
  - » *Presented by Minnesota Housing Staff*
    - **Guidelines for Minnesota Housing loans**
      - ▶ **MMP and CASA**
      - ▶ **HAF**
    - **Minnesota Housing compliance requirements**
    - **Forms and Resources**

All Minnesotans live in  
quality affordable homes  
that positively impact individuals,  
families and communities.

# Why Choose Minnesota Housing?

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**Low interest rates  
for first mortgages**

**Entry cost  
assistance  
available to  
targeted borrowers**

**Our loans utilize  
FHA/VA/RD and  
Conventional  
guidelines**

**Rates, manuals,  
forms available on  
website**

**Friendly, helpful  
staff!**

# Role of Minnesota Housing

## Mortgage Loan Program, MBS

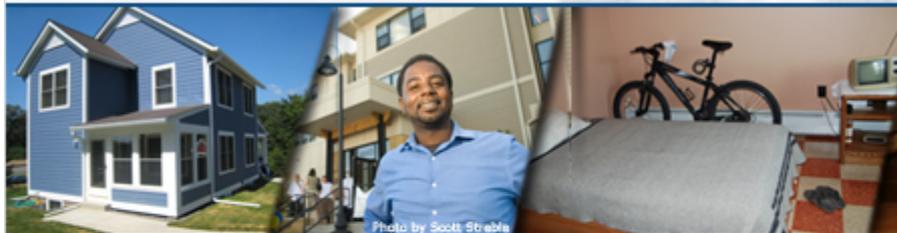
- » Utilize mortgage revenue bond (MRB) proceeds
- » Affordable fixed interest rate
- » Entry cost assistance
- » Responsible for compliance with bond guidelines
- » Underwriting questions refer to US Bank MRBP

# Role of US Bank - MRBP

## Master Servicer – US Bank MRBP

- » Purchases the 1<sup>st</sup> mortgage
- » Services MN Housing loans
- » US Bank MRBP website – [www.mrbp.usbank.com](http://www.mrbp.usbank.com)
- » All Regs website
  - » Product descriptions
  - » Checklists for files

# Minnesota Housing Manual and Forms



Home Buyers Home Owners Renters	Lending & Funding Partners Real Estate Professionals Home Buyer Educators	Developers, Owners Management Agents Architects & Builders	Home Em Loc
<b>Current Interest Rates</b>	Collaborative Partners	<b>Welcome to Minnesota</b>	
4.6%	Home Buyer Educators		
Minnesota Mortgage Government	Real Estate Professionals		
5.99%	Lending Partners	HDS Single Family Application	
Fix-u	Funding Partners	Program Guidelines, Manuals & Forms	
Minnesota Housing	Income Limits	Single Family Training & Technical Assistance	
competitive interest rates on our loan programs.	MBS Transition Information	Become a Minnesota Housing Lender	
<a href="#">Click For More Interest Rates</a>	For Minn	Single Family eNews Archives	
<b>Quick Links</b>	• <a href="#">Ener</a>	Co-Branded Marketing Opportunities	
	impr	Single Family Servicing	
	Special	Neighborhood Stabilization Program	
	• <a href="#">Fore</a>		

•Find at  
[www.mnhousing.gov](http://www.mnhousing.gov)

Website

•Select “Program Guidelines, Manuals & Forms”



## Single Family Division Program Guidelines, Manuals and Forms

### Home Mortgage Loan Programs

**Minnesota Housing Home Mortgage Loan Programs:** Includes instructions and information on the Minnesota Mortgage Program (MMP), Community Activity Set-Aside (CASA) Program, and the Homeownership Assistance Fund (HAF).

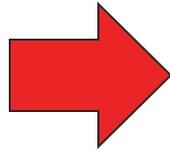
- [Mortgage Loan Program, MBS Procedural Manual](#)
- [Program Forms and Resources](#)
- [US Bank Home Mortgage - MRBP Division \(see US Bank Lending Manuals\)](#)
- [News Alerts](#)
- [Mortgage Insurance Partnerships](#)
- [CASA Funded Initiative Balances](#)
- Community Activity Set Aside (CASA) Initiatives:
  - [Twin Cities Metro Area](#)
  - [Greater Minnesota Area](#)



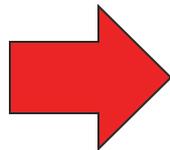
# Minnesota Housing Manual Process Guide Program Forms

# Mortgage Loan Programs Forms Page

Forms



Resources



## Mortgage Loan Program Forms

The documents below can also be created through the [Single Family HDS Web Application Forms Generator](#).

### Minnesota Housing Help Desk

If you have questions regarding a Minnesota Housing program form, call 651-296-8215 or 800-710-8871 weekdays, 7:30 a.m. to 5:00 p.m.

**Minnesota Housing Mortgage Loan Programs include:** Minnesota Mortgage Program (MMP), Community Activity Set-Aside Program (CASA), Homeownership Assistance Fund (HAF)

### Required Documents (All loans)

- [Assignment of Mortgage](#) - Uniform Conveyancing Blanks, MN Dept. of Commerce
- [Borrower Affidavit](#)
- Mortgage Deed Amendments (Choose one):
  - [Conventional/RD First Mortgage Deed Amendment](#)
  - [FHA Mortgage Deed Amendment](#)
  - [VA Mortgage Deed Addendum](#)
- [Property Seller Affidavit](#)
- [Property Seller Affidavit Fannie Mae/Institutional Seller](#)
- [Subsidy Recapture Disclosure Statement](#) - Updated 06.27.2011

### Additional Documents (Required on some loans)

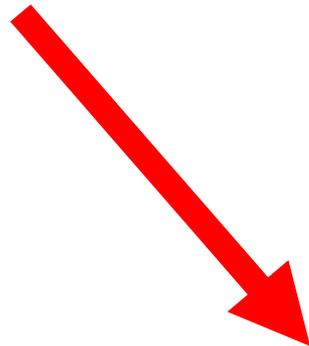
- [FHA Streamlined 203K Appliance Form](#)
- [HAF Mortgage](#)
- [HAF Note](#)
- [Notice to Buyers \(FHA\)](#)
- [Notice to Veteran and Consent \(VA\)](#)

### Resources

#### Worksheets and Overviews

- [Acquisition Cost Worksheet](#)
- [Income Eligibility Calculation Worksheet](#)
- [Minnesota Housing Compliance Overview](#)
- [Subsidy Recapture Overview](#) - Information on Subsidy Recapture Tax

**Sign-up for  
Minnesota  
Housing  
e-News at  
[www.mnhousing.gov](http://www.mnhousing.gov)**





Celebrating 40 years of aff

Home Buyers Home Owners Renters	Lending & Funding Partners Real Estate Professionals Home Buyer Educators	Developers, Owners Management Agents Architects & Builders	Homelessness/Housin Emerging Markets Local Governments
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### Current Interest Rates

**3.500%**  
Minnesota Mortgage Program  
Government Rate

**5.990%**  
Fix-Up Fund

Minnesota Housing offers competitive interest rates on our loan programs.

[Click For More Interest Rates](#)

### Special Announcements:

- [Register Now for our 2012 Regional Housing Dialogue](#)
- [2011 Annual Report and Program Assessment Now A](#)
- [Minnesota Joins National Mortgage Settlement](#)
- [2012 Bonding Request Summary](#)
- [Final Consolidated and Annual Action Plans](#)

### Quick Links

- Rent & Income Limits
- Home Cost Limits
- News Room
- About Us
- Frequently Asked Questions
- Driving Directions
- eNews Signup**
- Employment Opportunities

### News Feed

[19 chronic alcoholics take up residence at Silver Creek Co](#)  
*Thu, 08 Mar 2012*

[KAALtv.com - Silver Creek Corner Opens in Hopes of Endin Homelessness Cycle](#)  
*Thu, 08 Mar 2012*

[Experts: Homelessness growing in Mankato » Local News Mankato, MN](#)  
*Fri, 02 Mar 2012*

[Many Homeless People Turning To Cars For Shelter « CBS](#)  
*Fri, 24 Feb 2012*

HARP refinance loans taking off | kare11.com

# Mortgage Loan Program

## Life of a Minnesota Housing Loan

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- **Loan Origination**
- **Processing and Underwriting**
- **Closing and Post Closing**
- **Resources**



# Loan Origination

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Origination

Processing/UW

Closing

Post-Closing

# Minnesota Housing Lender Partner

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## Lending Partner:

- **Originates, processes, underwrites, closes and funds the loan**
- **Sells the loan to the Master Servicer, US Bank Home Mortgage- MRBP Division**



Origination

Processing/UW

Closing

Post-Closing

# Two Lender Options

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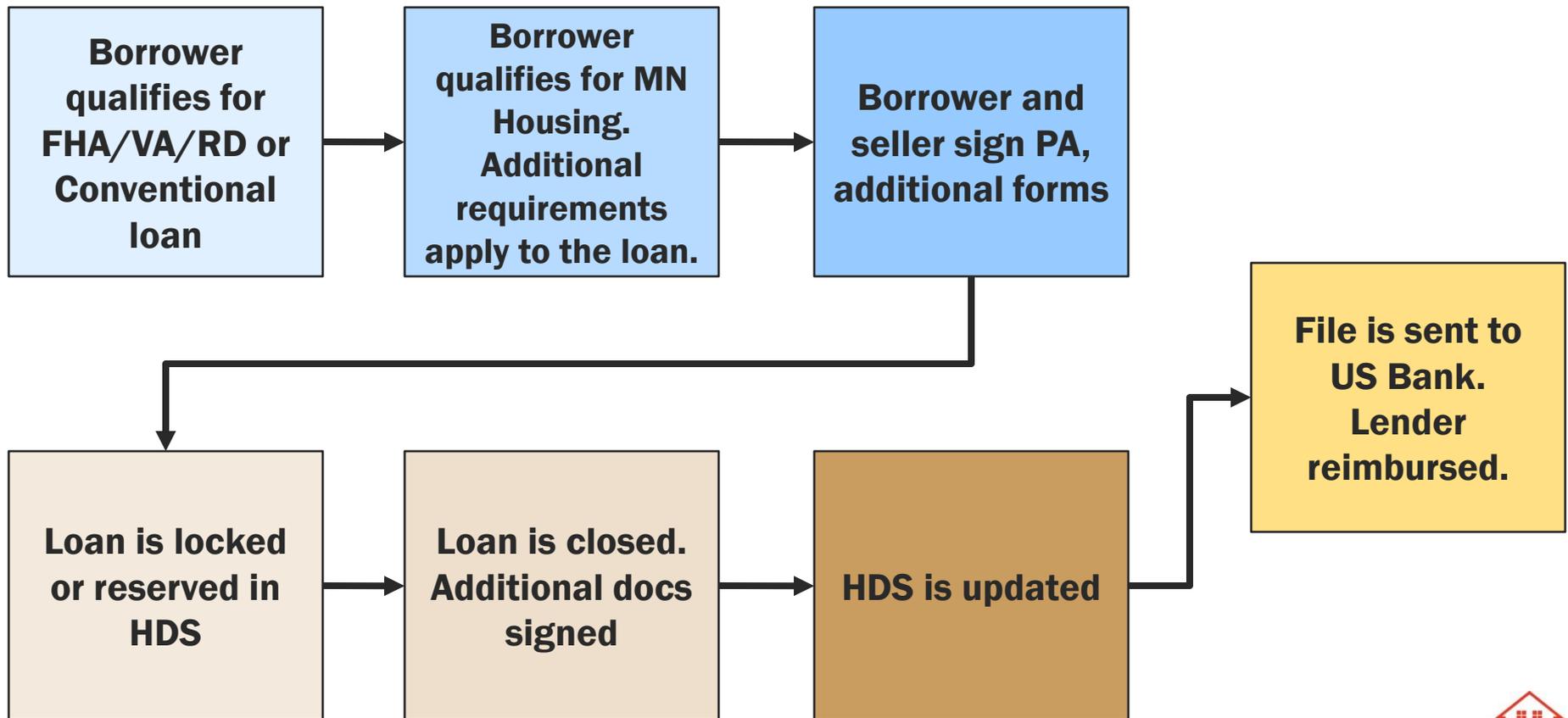


- **Full Contract Lender**
  
- **Correspondent Lender through US Bank MRBP**



# Minnesota Housing Basics

## The Loan Process



# Preliminary Eligibility Requirements

## First Mortgage Programs

First time home buyer

Household income is under our income limits

Home is under our purchase price limits

## Second Mortgage Programs (ECA loans)

Asset limit for borrower

\$1,000 minimum borrower investment

620 credit score



Origination

Processing/UW

Closing

Post-Closing

# Preliminary Eligibility Confirmation

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## Definition of a First-Time Homebuyer:

» Borrowers have not had

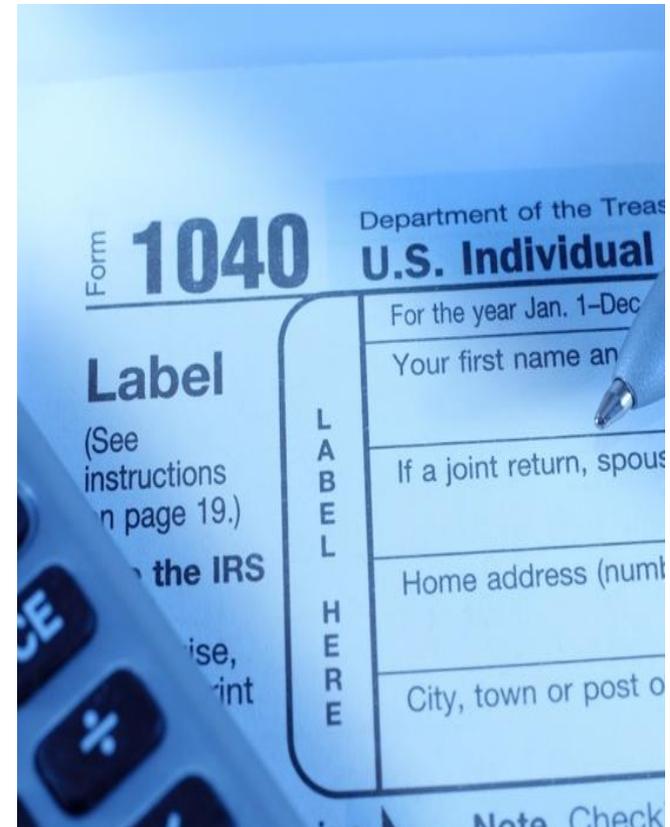
- ➔ 1. an ownership interest
- ➔ 2. in a principal residence
- ➔ 3. for the past three (3) years

» Request three (3) years tax returns



# First-Time Homebuyer Documentation

- **Documentation of Federal income tax returns for the past 3 years, including:**
  - » **Copies of Federal tax returns**
    - **Must be signed by borrower**
  - » **Documentation from the IRS**
    - **Transcripts from IRS do not need to be signed**
  - » **Signed affidavit, if not legally required to file**
- **Tax returns must be in file per MRB requirements**



# First Mortgage Programs

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## 1. Minnesota Mortgage Program (MMP)

- Basic package available statewide
- Lowest rate
- Highest income limits
- \$3,000 assistance
- Home buyer ed for conventional borrowers

## 2. Community Activity Set Aside (CASA)

- Enhanced package
- Slightly higher rate than MMP
- Moderate income limit
- \$4,500 assistance with HAF or \$10,000 HOME HELP
- Home buyer ed required
- Special product options (HCV)



# Eligible Borrowers

## 2012 MMP Income Limits

Household Size	11-County Twin Cities Metro Area	Rochester MSA	Balance of State
1-4	\$83,900	\$81,300	\$73,900

Limits for larger households and other programs on the Minnesota Housing Website at [www.mnhousing.gov](http://www.mnhousing.gov)

- 11 County Twin Cities Metro Area: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington and Wright Counties
- Rochester MSA : Olmsted and Dodge Counties
- These limits are based on data supplied by the US Department of Housing and Urban Development (HUD)



Origination

Processing/UW

Closing

Post-Closing

# Eligible Borrowers

## 2011 CASA Income Limits

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Household Size	11-County Twin Cities Metro Area	Rochester MSA	Balance of State
1-4	\$67,100	\$65,050	\$59,100

**Limits for larger households and other programs on the Minnesota Housing Website at [www.mnhousing.gov](http://www.mnhousing.gov)**

- 11 County Twin Cities Metro Area: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington and Wright Counties
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**Origination**

**Processing/UW**

**Closing**

**Post-Closing**

# Loan Origination

## Acquisition Cost Limits-MMP and CASA

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<b>Area</b>	<b>New and Existing Residences</b>
<b>11-County Twin Cities Metro Area</b>	<b>\$298,125</b>
<b>Balance of State</b>	<b>\$237,031</b>

# Loan Origination

## Homebuyer Education

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- **Home Stretch Homebuyer Education Classes**
- **Statewide Availability**
- **Minnesota Home Ownership Center Website**
  - » [www.hocmn.org](http://www.hocmn.org)
  - » **(651) 659-9336 or (866) 462-6466**



Origination

Processing/UW

Closing

Post-Closing

# First Mortgage Recap

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- **Originate an FHA/VA/RD or conventional loan**
- **Select Program: MMP or CASA**
  - » **First time Home Buyer**
  - » **Meet income limits**
  - » **Meet purchase price limits**
- **MMP and CASA can be used alone or in conjunction with ECA**

# Second Mortgage ECA Loans

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## Homeownership Assistance Fund (HAF)

- Available with MMP or CASA
- Up to \$3,000 with MMP
- Up to \$4,500 with CASA

## HOME HELP

- Available exclusively with CASA
- HOME HELP training required for lender partners
- Available at \$10,000

# Homeownership Assistance Fund (HAF)

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- **Used with MMP and CASA**
- **Used for down payment and/or closing costs**
- **Attaches as an interest-free deferred loan**
- **Must always be repaid**
- **Requires a minimum credit score of 620**
- **Required borrower investment: \$1,000**
- **Liquid asset limit**
  - » **Borrower liquid asset reserves after closing may not exceed the greater of 6 months PITI or \$5,000**

## With MMP



- For borrowers who purchase in target areas
  - » low income census tract or
  - » High need “Spotlight” zip code
- Or
  - » households at 60% of the area median income, not purchasing in target areas
- Target areas and income guidelines on Minnesota Housing website at [www.mnhousing.gov](http://www.mnhousing.gov)

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## With CASA



- For borrowers who meet **CASA** income limits and HAF eligibility requirements
- HAF cannot be combined with **HOME HELP**

# HAF with MMP

Program		Homeownership Programs Eligibility Income Limits	Entry Cost Assistance Programs	
			Eligible HAF Amount	Eligible HOME HELP Amount
Minnesota Mortgage Program (MMP)	Interest Rate Only	Level 1	Not Applicable	Not Available
	<a href="#">MMP Spotlight Area</a>	Level 1	Up to \$3,000	
	MMP Non-Spotlight Area	Level 3	Up to \$3,000	
Community Activity Set-Aside Program (CASA)	Interest Rate Only	Level 2	Not Applicable	No HOME HELP
	With HAF	Level 2	Up to \$4,500	No HOME HELP
	With HOME HELP	<a href="#">2011 HOME HELP limits</a> or <a href="#">2012 HOME HELP Limits</a> apply	Not Applicable	\$10,000

## Homeownership Programs 2012 Eligibility Income Limits:

The following income limits are effective for Minnesota Mortgage Program (MMP) and Community Activity Set-Aside Program (CASA) loans committed on or after December 1, 2011 and purchase approved as of March 21, 2012:

Household Size	Minnesota Housing Area Median Income Limits								
	11-County Twin Cities Metro Area*			Rochester MSA***			Balance of State		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1 Person	\$83,900	\$67,100	\$35,250	\$81,300	\$65,050	\$34,150	\$73,900	\$59,100	\$31,050
2 Person			\$40,300			\$39,050			\$35,500
3 Person			\$45,300			\$43,900			\$39,900
4 Person			\$50,350			\$48,800			\$44,350
5 Person	\$90,600	\$72,450	\$54,400	\$87,800	\$70,250	\$52,700	\$79,800	\$63,850	\$47,900
6 Person	\$96,485	\$77,850	\$58,400	\$93,495	\$75,450	\$56,600	\$84,985	\$68,550	\$51,450
7 Person	\$96,485	\$83,200	\$62,450	\$93,495	\$80,650	\$60,500	\$84,985	\$73,300	\$55,000
8 Person	\$96,485	\$88,500	\$66,450	\$93,495	\$85,850	\$64,400	\$84,985	\$78,000	\$58,550
9 Person	\$96,485	\$93,950	\$70,500	\$93,495	\$91,050	\$68,300	\$84,985	\$82,750	\$62,100
10 Person**	\$96,485	\$96,485	\$74,500	\$93,495	\$93,495	\$72,200	\$84,985	\$84,985	\$65,650

# MMP Spotlight Areas

## Census Tracts

Beltrami (007)	Hennepin (053)	Itasca (061)	Mower (099)	Polk (119)	Ramsey (123)	Stearns (145)	St. Louis (137)
9508.00	0083.00	9802.00	0004.10	0202.00	0305.00	0001.00	0122.00
	0079.00				0327.00		0018.00
	0077.00				0331.00		0016.00
	0059.01				0408.02		0019.00
	0033.00						0028.00
	0022.00						
	1072.00						
	1069.00						
	1057.00						
	1048.00						
	1034.00						
	1016.00						
	1015.00						

## Zip Codes

ZipCode	Primary County Name	ZipCode	Primary County Name	ZipCode	Primary County Name
55005	Anoka	55070	Anoka	55371	Mille Lacs
55006	Isanti	55074	Chisago	55376	Wright
55007	Pine	55079	Chisago	55390	Wright
55011	Anoka	55080	Isanti	55398	Sherburne
55012	Chisago	55092	Anoka	55411	Hennepin
55013	Chisago	55101	Ramsey	55412	Hennepin
55017	Isanti	55106	Ramsey	55429	Hennepin
55019	Rice	55130	Ramsey	55430	Hennepin
55020	Scott	55301	Wright	55443	Hennepin
55024	Dakota	55303	Anoka	55444	Hennepin
55030	Pine	55308	Sherburne	55445	Hennepin
55032	Chisago	55309	Sherburne	55448	Anoka
55038	Washington	55330	Sherburne	56330	Mille Lacs
55040	Isanti	55338	Sibley	56353	Mille Lacs
55046	Rice	55341	Wright	56442	Crow Wing
55054	Scott	55354	McLeod	56455	Crow Wing
55056	Chisago	55363	Wright		

# HAF with MMP

Program		Homeownership Programs Eligibility Income Limits	Entry Cost Assistance Programs	
			Eligible HAF Amount	Eligible HOME HELP Amount
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10 Person**	\$96,485	\$96,485	\$74,500	\$93,495	\$93,495	\$72,200	\$84,985	\$84,985	\$65,650

# HOME HELP with CASA

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- **Used for down payment or closing costs**
- **Requires a minimum credit score of 620**
- **Required borrower investment: \$1,000**
- **Asset Limit of 6 months PITI or \$5,000**
- **Lower income limits than CASA**
- **Interest-free deferred loan for \$10,000**
- **70% forgiven after 6 years**
- **Housing ratio must be greater than 25%**
- **Mandatory HOME HELP Training**

# Recap of MN Housing Programs

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## **FIVE Possibilities**

- » **MMP standalone**
- » **MMP with HAF**
- » **CASA standalone**
- » **CASA with HAF**
- » **CASA with HOME HELP**

# Loan Origination

## Loan Amortization

---

- **Fully amortized fixed rate loans**
- **No balloons**
- **No buydowns**
- **Allowable loan terms**
  - » **15 year (no HAF or HOME HELP allowed) and**
  - » **30 year**
- **No refinances**



# Loan Origination

## Occupancy Requirements

---

- **Owner-occupancy within 60 days of closing**
- **All borrowers must occupy the property and be first-time buyers**
- **No co-signers allowed**



# Loan Origination

## Personal Property

---

**Personal property may not appear anywhere on the purchase agreement or addenda**



### **Definition:**

**Anything which is not installed or attached to the property in some permanent manner and is not legally considered part of the real estate (e.g. free standing appliances)**

Reference [Borrower Affidavit & Property Seller Affidavit](#) (or [Property Seller Affidavit Fannie Mae/Institutional Seller](#) if foreclosed property)



Origination

Processing/UW

Closing

Post-Closing

# Loan Origination

## Eligible Property Types

---



- **Single family residence or duplexes**
  - » Including CLTs
- **Townhomes**
  - » must be project approved if full PUD
- **Condos**
  - » must be project approved

# Loan Origination

## Ineligible Property Types

---



- **No manufactured homes with conventional financing**
  - » Government financing available with manufactured homes
- **No co-ops**
- **No investment properties**
- **No recreational homes**

# Processing and Underwriting MMP & CASA Loans

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Origination

Processing/UW

Closing

Post-Closing

# Processing and Underwriting

---

- **Eligible for FHA,VA, RD or conventional loan**
- **Verify MMP/CASA and HAF/HOME HELP eligibility**
- **Confirm First-Time Homebuyer status**
- **Income eligibility**
  - » **See optional worksheet for calculation method**
- **Property requirements**
  - » **See optional worksheet for calculation method**
- **Reserve (lock) funds in the HDS system**
- **Review and sign forms**

# Processing and Underwriting

---

## 2 Parts to every file

**1) Underlying product should be underwritten to the most current guidelines for FHA, VA, RD, or Fannie Mae HFA Preferred.**

- **Consult US Bank Home Mortgage MRBP Division**

**2) The loan file must also meet Minnesota Housing bond compliance and eligibility requirements.**

- **Borrower income limits**
- **Property requirements**
- **First time home buyer**
- **Consult Minnesota Housing Procedural Manual**



Origination

Processing/UW

Closing

Post-Closing

# Processing and Underwriting

## Credit Requirements

---

- **US Bank Home Mortgage - MRBP Division purchases loans industry standard loan products**
- **The following automated systems are approved for use with Minnesota Housing bond products:**
  - » **Fannie Mae (DU) as HFA Preferred**
    - **Exception = Community Land Trust must be manual UW to HFA Preferred**
  - » **FHA & VA loans (DU or LP)**
  - » **RD Loans (GUS)**



Origination

Processing/UW

Closing

Post-Closing

# Processing and Underwriting

## Lender Compensation

Origination	1.00
Commitment Fee	0.00
Discount	0.00
Servicer Pays	
SRP	+ 1.00
Lender Net	+ 2.00
	↑

## USBank / Program Fees

Funding Fee	\$ 150.00
Tax Service	<u>85.00</u>
Total	\$ 235.00

## Conventional Loan Fees

LLPA and Adverse Market Fees  
are built into the interest rate.

### NOTE:

Lenders are permitted to collect normal and customary fees. Follow Minnesota Housing guidelines. SRP is net any hold or extension fees.



Origination

Processing/UW

Closing

Post-Closing

# Processing and Underwriting

## Validate Income Eligibility

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- **Gross Annual Household Income from all Sources**
  - » “Non-stable” income excluded from underwriting must be included in eligibility income
  - » Income from all household members over the age of 18
- **Income Eligibility Calculation Worksheet**

# Processing and Underwriting

## Income Eligibility

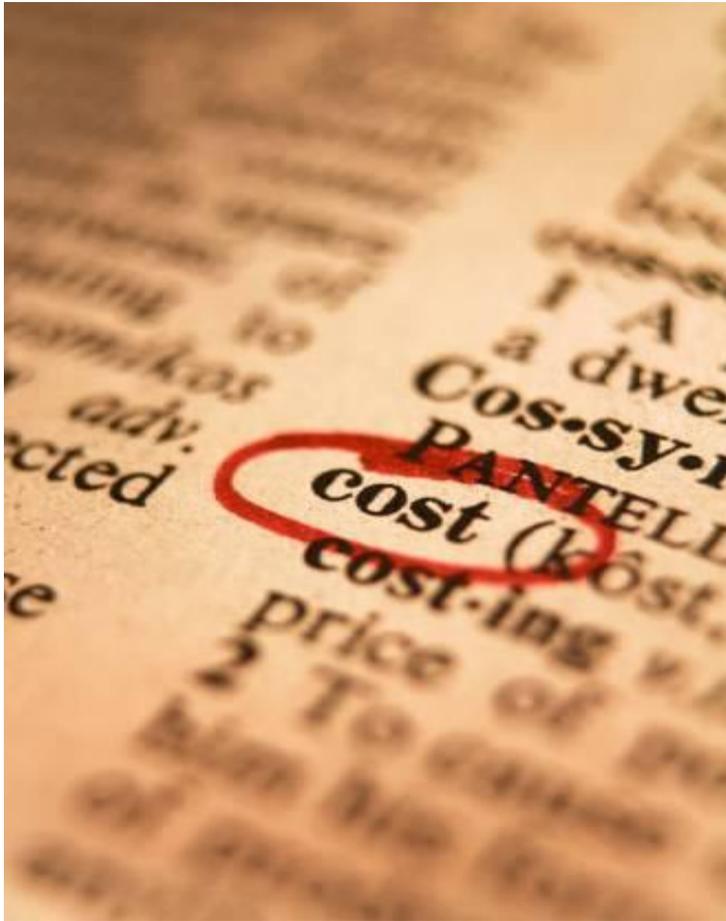
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- **Qualifying Income** = Income that you/your underwriter use to determine repayment of the mortgage based on underlying product guidelines.
- **Eligibility Income** = Income that you/your underwriter use to determine eligibility for Minnesota Housing loans
- **Example –**
  - » single mom receiving intermittent child support
  - » child support is NOT used as qualifying income to repay the mortgage, but
  - » You **WOULD** include child support income for Eligibility Income
- **Example –**
  - » husband and wife are purchasing a house,
  - » husband has bad credit and is not included in the application
  - » His income is NOT used as qualifying income to repay the mortgage, but
  - » You **WOULD** include his income for Eligibility Income

# Processing and Underwriting

## Acquisition Cost Confirmation

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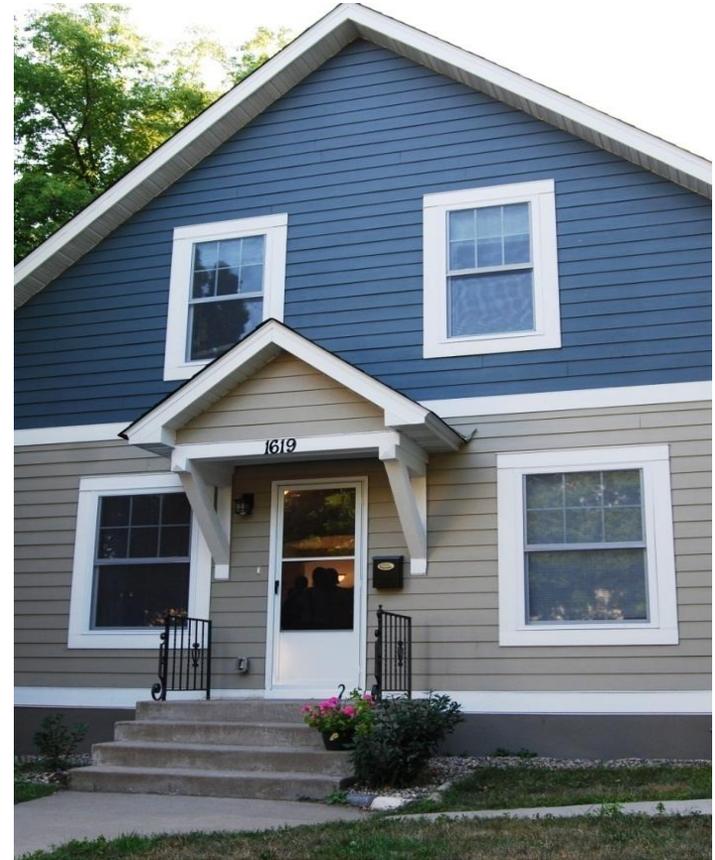
- **Acquisition Cost** is the cost of a completed dwelling unit
- **Purchase Price** plus any additional funds paid by the borrower to acquire the property
- **Acquisition Cost Worksheet** (optional) located under Resources on our website

# Processing and Underwriting

## Property Value Limits

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- **Property cannot appraise for more than 125% of the maximum acquisition cost for the area**
  - » **Example: An existing property cannot appraise for more than \$372,656 in the Twin Cities Metro Area**



# Processing and Underwriting

## Federal “Basic Livability”

---

### Properties must meet three tests:

- 1. Current use provides no source of income**
  - **Exceptions for duplex, home business**
- 2. Local custom**
  - **Appraiser certifies that lot size is common for the area**
- 3. Intended for one residence**
  - **Applicable only if there is more than one parcel or eligible for legal subdivision**

# Processing and Underwriting Personal Property

- Check the purchase agreement prior to closing the loan
- The most recent Borrower Affidavit and Property Seller Affidavit (or Property Seller Affidavit Fannie Mae/Institutional Seller) reflect language to remove personal property from the purchase agreement



# Processing and Underwriting

## Committing the Loan

Home | Login | Site map

Minnesota Housing Finance Agency

Minnesota Housing finances and advances affordable housing opportunities for low and moderate income Minnesotans to enhance quality of life and foster strong communities.

ENDING HOMELESSNESS. ONE PERSON AT A TIME.

Buyers  
Owners  
Lending & Funding Partners  
Real Estate Professionals  
Home Buyer Educators  
Developers, Owners  
Management Agents  
Architects & Builders  
Homelessness/Housing Assistance  
Emerging Markets  
Local Governments  
Applications & Forms  
Resources  
Training & Technical Services  
Investors

Current Interest Rates

**4.500%**  
Minnesota Mortgage Program  
Government Rate

**5.990%**  
Fix-up Fund

Minnesota Housing offers  
competitive interest rates on

## Welcome to Minnesota Housing

As the State's affordable housing bank, we offer products and services to help Minnesotans buy and fix up homes and we support the development and preservation of affordable rental housing by offering financing and on-going asset management of affordable rental housing developments.

Special Announcements:

**First-time Homebuyers**  
Click Here

Origination

Processing/UW

Closing

Post-Closing

# HDS System Support

## Explorer and Compatibility Mode

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### Secure Login Page

Please select the application you wish to access by clicking on a link below:

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#### Single Family Applications

#### [HDS SF Web Application](#) - Please read below prior to logging in:

Functional issues with the HDS SF Web Application (system speed, etc.) may occur in [compatibility mode](#) (with Internet Explorer version 8). The HDS SF Web Application currently supports Internet Explorer version 7 and Adobe Acrobat Reader version 9.

For further assistance, please contact the Single Family Housing Help Desk at 651.296.8215 or 800.710.8871 between the hours of 7:30 a.m. to 5:00 p.m. Monday -Friday.

# Processing and Underwriting

## Committing the Loan

---

- » **Information entered into HDS**
- » **Must have a fully executed PA**
- » **Commitment term**
  - **Existing properties: 75 days**
  - **New construction: 115 days**
  - **Two 30-day extensions at .500% each (borrower may not pay the extension fee)**
- » **Rate lock runs from the date of HDS SF Web Application commitment to receipt of the purchase package by US Bank Home Mortgage- MRBP Division**

# Processing and Underwriting

## HDS

---

- **Review and update information in HDS after underwriting:**
  - » **Check rate lock**
  - » **Update eligibility income**
  - » **Verify HAF loan**
  - » **If using MMP with HAF, verify property is in Spotlight Area or that level 3 income limits have been met**

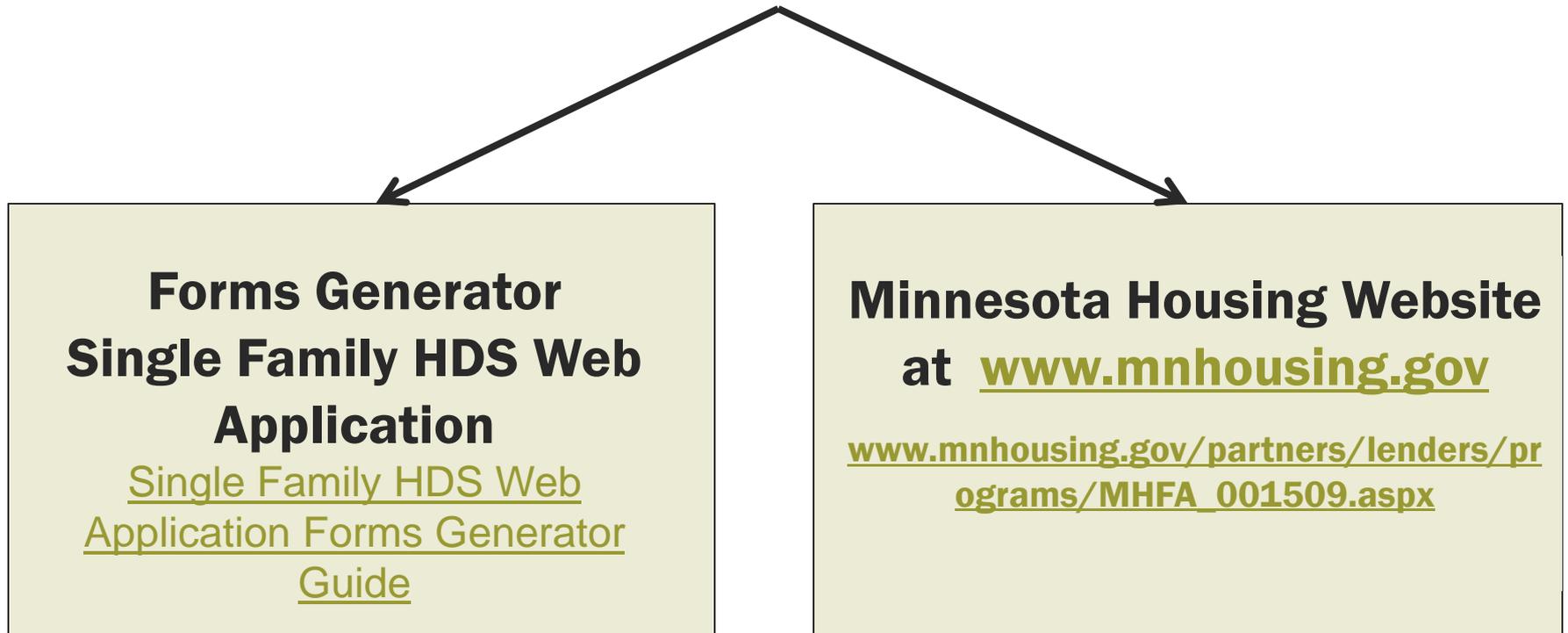


# Processing and Underwriting

## Document Preparation

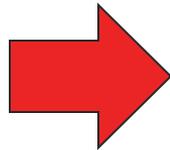
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Two ways to prepare origination and closing docs

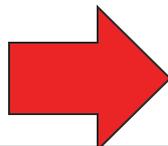


# Mortgage Loan Programs Forms Page

Forms



Resources



## Mortgage Loan Program Forms

The documents below can also be created through the [Single Family HDS Web Application Forms Generator](#).

### Minnesota Housing Help Desk

If you have questions regarding a Minnesota Housing program form, call 651-296-8215 or 800-710-8871 weekdays, 7:30 a.m. to 5:00 p.m.

**Minnesota Housing Mortgage Loan Programs include:** Minnesota Mortgage Program (MMP), Community Activity Set-Aside Program (CASA), Homeownership Assistance Fund (HAF)

### Required Documents (All loans)

- [Assignment of Mortgage](#) - Uniform Conveyancing Blanks, MN Dept. of Commerce
- [Borrower Affidavit](#)
- Mortgage Deed Amendments (Choose one):
  - [Conventional/RD First Mortgage Deed Amendment](#)
  - [FHA Mortgage Deed Amendment](#)
  - [VA Mortgage Deed Addendum](#)
- [Property Seller Affidavit](#)
- [Property Seller Affidavit Fannie Mae/Institutional Seller](#)
- [Subsidy Recapture Disclosure Statement](#) - Updated 06.27.2011

### Additional Documents (Required on some loans)

- [FHA Streamlined 203K Appliance Form](#)
- [HAF Mortgage](#)
- [HAF Note](#)
- [Notice to Buyers \(FHA\)](#)
- [Notice to Veteran and Consent \(VA\)](#)

### Resources

#### Worksheets and Overviews

- [Acquisition Cost Worksheet](#)
- [Income Eligibility Calculation Worksheet](#)
- [Minnesota Housing Compliance Overview](#)
- [Subsidy Recapture Overview](#) - Information on Subsidy Recapture Tax



Origination

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Post-Closing

# Processing and Underwriting Required Documents - Borrower

 **Minnesota Housing**  
Finance Agency

**Mortgage Loan Program  
Borrower Affidavit**

**INSTRUCTIONS:**  
Complete item #1. Items #2 through #20 must be reviewed, investigated and evaluated by the Minnesota Housing Lending Partner.  
The Borrower Affidavit must be executed by the Borrower(s) and duly notarized.

\_\_\_\_\_

**BORROWER AFFIDAVIT  
FOR  
FIRST TIME HOMEBUYER**

This Borrower Affidavit shall be considered part of the application for the loan, and is incorporated therein.

If any of the facts contained in the Borrower Affidavit are found by Minnesota Housing to be incorrect, Minnesota Housing may exercise its right under the Mortgage Note and Mortgage to declare the remaining principal balance of the loan immediately due and payable. In addition, under the Minnesota Criminal Code, a person who obtains funds through sworn false representation is guilty of perjury and theft and may be sentenced accordingly.

The undersigned, hereinafter collectively referred to as "the Borrower," affirms as follows:

1. The Borrower is purchasing the property located at:

_____	_____	_____
Street Address	City	County

MLP\_Borrower\_Affidavit 1 of 5 \_\_\_\_\_ 08/30/2011

## Borrower Affidavit

- **Recommended that you review up front with borrower**
- **Sign as close to closing as possible (or follow your company guidance)**
- **Must be original ink delivered to Master Servicer**

# Processing and Underwriting Required Documents - Borrower

 **Mortgage Loan Program**  
**Subsidy Recapture Disclosure Statement** Revised 6/10

**INSTRUCTIONS:** Borrower(s) must review the Subsidy Recapture Disclosure Statement at time of mortgage application. At closing, Borrower(s) must sign the completed form.

Because you are receiving a mortgage loan from the proceeds of a tax-exempt bond, you are receiving the benefit of a lower interest rate than is customarily charged on other mortgage loans. If you sell or otherwise dispose of your home during the next nine years, this benefit may be "recaptured." The recapture is accomplished by an increase in your federal income tax for the year in which you sell your home. The recapture only applies, however, if you sell your home at a gain and if your household income increases above specified levels.

You may wish to consult a tax advisor or the local office of the Internal Revenue Service at the time you sell your home to determine the amount, if any, of the recapture tax.

**Notice to Mortgagor of Maximum Recapture Tax and of Method to Compute Recapture Tax on Sale of Home**

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**Introduction**

**General:** When you sell your home you may have to pay a recapture tax. The recapture tax may also apply if you dispose of your home in some other way. Any references in this notice to the "sale" of your home also includes other ways of disposing of your home. For instance, you may owe the recapture tax if you give your home to a relative.

**Exceptions:** In the following situations, no recapture tax is due and you do not need to do the calculations:

- You dispose of your home later than nine years after you close your mortgage loan;
- Your home is disposed of as a result of your death;
- You transfer your home either to your spouse or to your former spouse incident to divorce and you have no gain or loss included in your income under section 1041 of the Internal Revenue Code; or
- You dispose of your home at a loss.

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**Maximum Recapture Tax**

The maximum recapture tax that you may be required to pay as an addition to your federal income tax is \$  (Fill in Subsidy Recapture tax amount.) This amount is 6.25% of the highest principal amount of your mortgage loan and is your federally subsidized amount with respect to the loan.

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**Actual Recapture Tax**

The actual recapture tax, if any, can only be determined when you sell your home, and is the lesser of (1) 50% of your gain on the sale of your home, regardless of whether you have to include that gain in your income for federal income tax purposes, or (2) your RECAPTURE AMOUNT determined by multiplying the following three numbers:

MLP\_Subsidy\_Recapture\_Disclosure\_Statement 1 of 5  01/11/2011

- Subsidy Recapture Disclosure Statement
  - Recommended that you review and sign up front with borrower (or follow your company guidance)
  - Federal Subsidy Recapture Tax Overview

# Processing and Underwriting

## Subsidy Recapture

---



- Subsidy Recapture Disclosure Statement
- Subsidy Recapture Overview
- **Lender responsible for disclosure**
- **Only applies if all three criteria are met:**
  1. **Home is sold within first 9 years**
  2. **Borrower household income increases substantially**
  3. **Borrower realizes “gain on sale of property” as defined by IRS (different from exposure to capital gains tax)**

# Processing and Underwriting

## Subsidy Recapture Examples

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- **The typical Twin Cities Metro borrower earns: \$42,000**
- **Income must increase to:**
  - » **Year 1: \$82,700 - 100% increase**
  - » **Year 5: \$105,548- 155% increase**
  - » **Year 7: \$116,367- 181% increase**

- **Typical Greater MN borrower earns: \$36,000**
- **Income must increase to:**
  - » **Year 1: \$72,900- 103% increase**
  - » **Year 5: \$102,357- 159% increase**
  - » **Year 7: \$102,577 185% increase**

Updated: 08.2009



Origination

Processing/UW

Closing

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# Processing and Underwriting Required Documents - Borrower



**Mortgage Loan Program  
Notice to Buyers FHA**

**INSTRUCTIONS:** This notice must be reviewed with the Borrower(s) to illustrate changes in standard assumption/debt acceleration guidelines due to additional Minnesota Housing requirements. Borrowers must acknowledge with complete, legal signature. The original, fully executed, form is to be forwarded to Federal Housing Administration (FHA) as part of the credit approval package.

**NOTICE TO BUYERS**

Your home purchase is being financed with a mortgage made available with the assistance of the Minnesota Housing Finance Agency ("Minnesota Housing"). This mortgage is made at an interest rate below what is usually being charged. Because of this, your mortgage provides that you cannot sell your home to a person ineligible for assistance from Minnesota Housing, unless you pay your loan in full. If you sell your home to a party ineligible for Minnesota Housing's assistance, Minnesota Housing may demand immediate full repayment of the loan. This could result in foreclosure of your mortgage and repossession of the property. In addition, if you rent the property or committed fraud or intentionally misrepresented yourself when you applied for the loan, the lender may foreclose your mortgage and repossess the property. If the lender takes your home through a foreclosure of the mortgage because of these reasons, HUD will not be able to help you.

If the money received from the foreclosure sale is not enough to pay the remaining amount of money you owe on the loan, Minnesota Housing may obtain a deficiency judgment against you (a court ruling that you must pay whatever money is still owed on the loan after the foreclosure sale). Such judgment will be taken over by HUD if Minnesota Housing files an insurance claim against HUD because of the foreclosure. HUD may then bring an action against you to collect the judgment.

_____	_____	_____
Borrower Signature	Date	Borrower Signature
_____	_____	_____
Print Name of Borrower	Date	Print Name of Borrower

MLP\_Notice\_to\_Buyers\_FHA 1 of 1 \_\_\_\_\_ 04/10

- Notice to Buyers (FHA)
  - **ONLY FHA loans –**
  - **Recommended that you review and sign up front with borrower only on FHA loans (or follow your company guidance)**
  - **Signed by all who sign the Mortgage Note**



Origination

Processing/UW

Closing

Post-Closing

# Processing and Underwriting Required Documents - Borrower



**Mortgage Loan Program  
Notice to Veteran and Consent**

**INSTRUCTIONS:** This notice must be reviewed with the Borrower(s) to illustrate changes in standard assumption/debt acceleration guidelines due to additional Minnesota Housing requirements. Borrowers must acknowledge with complete, legal signature. The original, fully executed, form is to be forwarded to Veterans Administration (VA) as part of the credit approval package.

**NOTICE TO VETERAN AND CONSENT**

Your home purchase is being financed with a mortgage loan made available with the assistance from Minnesota Housing Finance Agency ("Minnesota Housing"). This mortgage loan is made at an interest rate below what is usually charged and is subject to Minnesota Housing's rules and regulations and to certain Federal requirements.

Because of the special restrictions, you cannot sell your home to a person ineligible for assistance from Minnesota Housing, unless you pay your loan in full. If you sell your home to someone ineligible for Minnesota Housing's assistance and allow the buyer to make your payments for you (assume your loan), Minnesota Housing may refuse to allow the sale and demand immediate full repayment of the loan. This could result in foreclosure and repossession of the property.

In addition, you must occupy your home as your principal residence until your loan is repaid in full. If you rent your home, or use it in any trade or business, Minnesota Housing may demand full repayment of the loan. This also could result in foreclosure and repossession of the property.

If your home is taken through a foreclosure of the mortgage because of a violation of the special program restrictions, VA will not be able to help you. In addition, VA may have to pay a claim to Minnesota Housing for any loss incurred on your loan. You may then be obligated to the VA for any claim paid by the VA to Minnesota Housing.

You may avoid such actions by being careful to comply with the special program restrictions, including paying your loan in full when you sell your home or by making certain that any person who purchases your home and takes over your payments meets the necessary qualifications established by Minnesota Housing. You may contact your lender or Minnesota Housing for information as to these qualifications.

If you use the Homeownership Assistance Fund (HAF) subsidy in conjunction with a VA insured Minnesota Housing mortgage, these subsidies are secured by a 0% interest deferred second mortgage. Once the full amount of HAF subsidy is paid on your behalf, the total amount you owe Minnesota Housing through the first and second (HAF) mortgages may exceed the value of your home.

_____	_____	_____
Borrower Signature (Veteran)	Date	Borrower Signature
_____	_____	_____
Print Name of Borrower	Date	Print Name of Borrower

MLP\_Notice\_to\_Veteran\_and\_Consent 1 of 1 08/06

- Notice to Veteran and Consent (VA)
  - Only VA loans
    - Recommended that you review and sign up front with borrower only on VA loans (or follow your company guidance)
    - Signed by all who sign the Mortgage Note



Origination

Processing/UW

Closing

Post-Closing

# Processing and Underwriting Required Documents - Seller

 **Mortgage Loan Program  
Property Seller Affidavit**

**INSTRUCTIONS:** The Minnesota Housing Lending Partner must complete item #1; review, investigate and confirm items #2 through #5 and execute the **Minnesota Housing Lending Partner's Statement** on page 4 of the Property Seller Affidavit.

The Property Seller must review items #1 through #5 and execute and duly notarize item #6. If there are multiple Property Sellers involved in the transaction, only one Property Seller is required to sign the Property Seller Affidavit.

If the Property Seller Affidavit is executed by an Attorney-In-Fact, Guardian, Conservator, Personal Representative Executive, Trustee, etc. on behalf of the Property Seller, the Minnesota Housing Lending Partner must confirm that the appointed person has knowledge of the facts stated in the Property Seller Affidavit. Copies of appropriate document(s) or a court order authorizing the person executing the Property Seller Affidavit to sign must be in the loan file and supplied to Minnesota Housing upon request.

DO NOT ALTER THIS DOCUMENT.

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**PROPERTY SELLER AFFIDAVIT**

The undersigned hereinafter collectively referred to as the "Property Seller", after first being duly sworn, states as follows:

1. Property Seller is selling to \_\_\_\_\_  
(name of Borrower)

\_\_\_\_\_  
(name of Co-Borrower(s)) (the "Purchaser"),

MLP\_Property\_Seller\_Affidavit.doc 1 of 4 09/30/2011

- **Property Seller Affidavit**
  - **Recommended that you send to Seller up front**
  - **Have signed as close to closing as possible (or follow your company guidance)**
  - **Must be original ink delivered to Master Servicer**

**OR**

# Processing and Underwriting Required Documents - Seller

- **Property Seller Affidavit Fannie Mae/Institutional Seller (if it is a bank-owned property)**
  - **Recommended that you send to Seller up front (or follow your company guidance)**
  - **Must be original ink delivered to Master Servicer**

 **Mortgage Loan Program  
Property Seller Affidavit  
Fannie Mae or Institutional Sellers**

**INSTRUCTIONS:** The Minnesota Housing Lending Partner must complete item #1; review, investigate and confirm items #2 through #5 and execute the **Minnesota Housing Lending Partner's Statement** on page 4 of the Property Seller Affidavit.

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If the Property Seller Affidavit is executed by an Attorney-In-Fact, Guardian, Conservator, Personal Representative Executive, Trustee, etc. on behalf of the Property Seller, the Minnesota Housing Lending Partner must confirm the appointed person's authority to sign the Property Seller Affidavit. Copies of appropriate document(s) or a court order authorizing the person executing the Property Seller Affidavit to sign must be in the loan file and supplied to Minnesota Housing upon request.

DO NOT ALTER THIS DOCUMENT.

---

**PROPERTY SELLER AFFIDAVIT**

The undersigned hereinafter collectively referred to as the "Property Seller", after first being duly sworn, states as follows:

1. Fannie Mae or other institution as Property Seller is selling to  
\_\_\_\_\_  
(name of Borrower) (name of Co-Borrower(s)) (the "Purchaser"),

MLP\_Property\_Seller\_Affidavit\_Fannie\_Mae.doc 1 of 4 09/30/2011

Origination

Processing/UW

Closing

Post-Closing

# Closing and Post Closing

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# Loan Closing

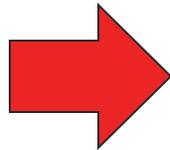
## Closing Table

- **Confirm loan commitment terms**
- **Review and update HDS**
- **Execute forms for underlying product**
- **Execute Minnesota Housing forms**
- **Fund the loans**
  - » **First Mortgage**
  - » **HAF/HOME HELP**

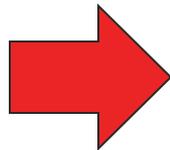


# Mortgage Loan Programs Forms Page

Forms



Resources



## Mortgage Loan Program Forms

The documents below can also be created through the [Single Family HDS Web Application Forms Generator](#).

### Minnesota Housing Help Desk

If you have questions regarding a Minnesota Housing program form, call 651-296-8215 or 800-710-8871 weekdays, 7:30 a.m. to 5:00 p.m.

**Minnesota Housing Mortgage Loan Programs include:** Minnesota Mortgage Program (MMP), Community Activity Set-Aside Program (CASA), Homeownership Assistance Fund (HAF)

### Required Documents (All loans)

- [Assignment of Mortgage](#) - Uniform Conveyancing Blanks, MN Dept. of Commerce
- [Borrower Affidavit](#)
- Mortgage Deed Amendments (Choose one):
  - [Conventional/RD First Mortgage Deed Amendment](#)
  - [FHA Mortgage Deed Amendment](#)
  - [VA Mortgage Deed Addendum](#)
- [Property Seller Affidavit](#)
- [Property Seller Affidavit Fannie Mae/Institutional Seller](#)
- [Subsidy Recapture Disclosure Statement](#) - Updated 06.27.2011

### Additional Documents (Required on some loans)

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- [HAF Mortgage](#)
- [HAF Note](#)
- [Notice to Buyers \(FHA\)](#)
- [Notice to Veteran and Consent \(VA\)](#)

### Resources

#### Worksheets and Overviews

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- [Income Eligibility Calculation Worksheet](#)
- [Minnesota Housing Compliance Overview](#)
- [Subsidy Recapture Overview](#) - Information on Subsidy Recapture Tax



Origination

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# Loan Closing

## Single Family HDS Web Application

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- **Access through Single Family HDS Web Application**
- **Forms Generator Guide**
- **Auto-populates fields from HDS, reducing document prep time**
- **Review the documents online prior to closing**
  - » **Make sure all data fields are completed**
  - » **Fill in any missing data before printing**
  - » **Double check all documents prior to signing**

# Post-Closing Purchase Approval

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- **“Funding Approve” on Minnesota Housing HDS SF Web Application**
- **Send purchase package to US Bank Home Mortgage-MRBP Division**
  - » **Use US Bank’s Checklist**
- **Include all Minnesota Housing Documents**
- **Mortgage Loan Programs Part II discusses details of the US Bank MRBP Division purchase process**

# Post Closing

## Hold Fees

---

- **Minnesota Housing allows a three-week period with no fees assessed from the date of notification from the master servicer**
- **If the exception is outstanding for more than 3 weeks, the fee is .125% of the loan amount each week until the exception is cleared**
- **US Bank MRBP notifies lenders weekly about outstanding file exceptions**



# Post-Closing

## Minnesota Housing Quality Control

---



- **Minnesota Housing audits for compliance with Mortgage Revenue Bond and Agency guidelines**
- **First 6 loans of new lenders**
- **10% random sample**
- **US Bank reserves right to audit underlying product**

# Post-Closing Common Errors



- **Incorrect: calculation of eligibility income**
  - » Use optional worksheet
  - » Update HDS with correct eligibility income
  - » Include income from all household members
- **Missing: 3 years tax returns or transcripts**
  - » Required on all files. No exceptions
  - » Affidavit acceptable **ONLY** if borrower was not legally required to file taxes
- **Incorrect: MN Housing documents**
  - » Obtain proper authorizing document for seller (P.O.A.)
  - » Verify data is correct prior to closing

# Post-Closing Common Errors

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- **Incorrect: personal property on purchase agreement**
  - » Work with Realtor partners
  - » Ensure that Borrower and Seller are signing appropriate Affidavits
- **Incorrect: Borrower not HAF eligible**
  - » Review information in HDS
  - » Verify HAF asset limit
  - » Borrower needs minimum \$1,000 investment from their own funds

# Resources



# Promotional Materials



## First-time Homebuyer Program Reference Guide

for Lenders, Real Estate Agents and Homebuyer Educators



## First-time Homebuyer Loan Programs Information Sheet

*Because home means everything.*

*The mission of Minnesota Housing is to meet Minnesotans needs for decent, safe, affordable homes and stronger communities. We offer mortgage programs that provide affordable interest rate loans to eligible first-time homebuyers.*

### Why Choose Minnesota Housing?

- Low interest rates for first-time homebuyers
- Interest-free loans from \$3,000 up to \$14,999 to help with downpayment and closing costs for eligible borrowers
- No extra fees or discount points

### To qualify, you must:

- Be a first-time homebuyer (or have not owned a home in the past three years)
- Meet the requirements for income and home purchase price limits
- Have acceptable credit

### Minnesota Housing First-time Homebuyer Loan Programs

#### Minnesota Mortgage Program (MMP)

- Available statewide
- Affordable interest rate
- Maximum loan term is 30 years
- Downpayment and closing cost assistance available for targeted borrowers

#### Community Activity Set-Aside (CASA)

- Available in participating communities
- Affordable interest rate
- Maximum loan term is 30 years
- Downpayment and closing cost assistance, including a HOME HELP loan up to \$14,999

### Interested?

Contact our lending partner below to learn more about how they can help you apply for the Minnesota Housing financing you need to buy that first home!



02/09/2009



## Home Loan Programs



**Safe, affordable, fixed-rate financing to help you buy your first home.**

*Minnesota Housing is the State's trusted affordable housing bank. We offer mortgage programs that provide affordable interest rate loans to eligible first-time homebuyers.*

### Why choose Minnesota Housing?

- Affordable interest rates
- Interest-free deferred loans to help with downpayment and closing costs
- No extra fees or discount points
- 30-year loan terms available
- Statewide network of lending partners



# Minnesota Mortgage Program

## Program Assistance

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### Minnesota Housing Help Desk

**7:30 am to 5:00 pm**

- » **651-296-8215**
- » **800-710-8871**

### Program Officer

- » **Stephanie Oyen, 651-297-3132**
- » **[Stephanie.oyen@state.mn.us](mailto:Stephanie.oyen@state.mn.us)** or
- » **Mary Rivers, 651-297-3127**
- » **[Mary.rivers@state.mn.us](mailto:Mary.rivers@state.mn.us)**



# Welcome Back

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- Time for final questions
- All materials posted on the Minnesota Housing website
  - » [www.mnhousing.gov](http://www.mnhousing.gov)
  - » [http://www.mnhousing.gov/resources/training/sf-assistance/MHFA\\_009091.aspx](http://www.mnhousing.gov/resources/training/sf-assistance/MHFA_009091.aspx)
- Be sure to register for Mortgage Loan Programs Part II with US Bank MRBP Division